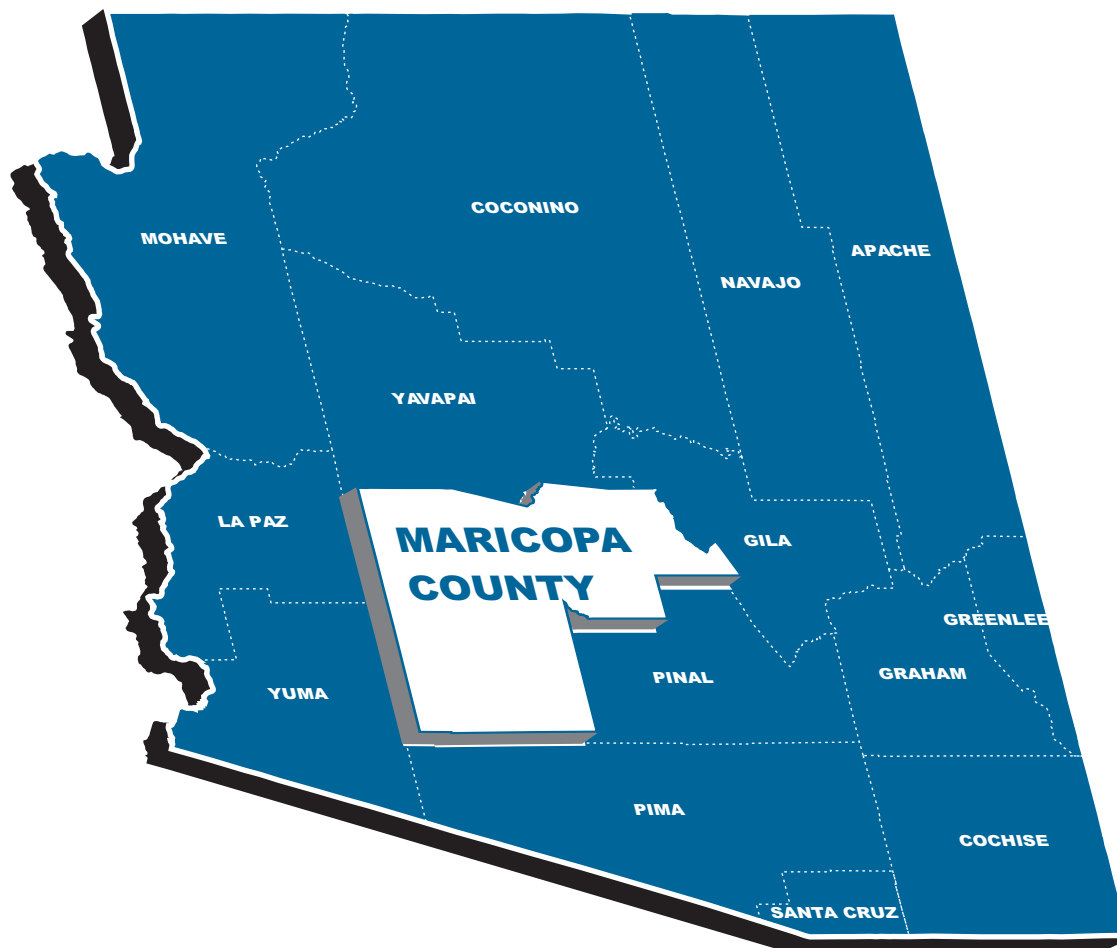


Risk Management Annual Report

Fiscal Year Ended June 30, 2007



Maricopa County, Arizona

www.maricopa.gov

**MARICOPA COUNTY
RISK MANAGEMENT ANNUAL REPORT
FISCAL YEAR 2006-07**

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RISK MANAGEMENT ANNUAL REPORT EXECUTIVE SUMMARY

Presented herein is the *Maricopa County Risk Management Annual Report*, for the fiscal year July 1, 2006 through June 30, 2007.

This report contains summaries of the fiscal year's losses and costs for Maricopa County's auto liability, auto physical damage, general liability, medical malpractice, property damage, workers' compensation, and unemployment exposures. This report, along with ongoing quarterly reports to County departments during the year, are intended to assist departments in recognizing the nature and extent of their losses, and to lead departments to consider implementation of effective loss control and prevention programs.

Structure and Mission

As of June 30, 2007, the Risk Management Department completed its **26th year** administering the County's self-insurance program. Risk Management's mission is to provide loss prevention and control programs and direction, insurance, environmental and claims management services to Maricopa County departments, districts, and Trust members to reduce or eliminate losses. Its vision is to be recognized as a leader, and to be relied upon for a Countywide risk management philosophy and culture. Risk Management's primary activities are:

- Risk consulting
- Insurance procurement above self-insured retention levels
- Maricopa County Self-Insured Trust Fund management and financing
- Administration and monitoring of third party administrators' adjusting of workers' compensation and unemployment claims
- Investigation and disposition of casualty and property claims and lawsuits
- Safety training, reporting, and compliance
- Loss control programs
- Environmental investigation, remediation, and reporting
- Contractual indemnification and insurance requirement language drafting and review

The Risk Management Department is divided into three operating divisions, Claims, Safety, and Environmental, and one Administration division. Highlights for each division are contained in this report. The Department strives to accomplish its mission with assistance and direction from the Maricopa County Board of Supervisors, the Maricopa County Self-Insured Trust Fund Board of Trustees, and the Office of the County Attorney. The Risk Manager reports to the Chief Financial Officer of Maricopa County.

Self-Insured Trust Fund

Arizona law (ARS § 11-981) authorizes Maricopa County to self-insure, procure insurance from any insurer authorized by the State of Arizona Department of Insurance, or both. Insurance (defined in Title 20 Arizona Revised Statutes) includes, but is not limited to, auto liability, auto physical damage, general liability, medical malpractice, property, workers' compensation, and unemployment insurance.

Upon establishment of a self-insurance program, Maricopa County is required to designate a Trust Administrator (Risk Manager), and establish a Trust. The Trust is funded by an allocation of funds from General Fund and Non-General Fund departments and Special Districts, or such other funding techniques permitted by state statute and authorized by the Trust's Board of Trustees.

A Board of Trustees manages and directs the Trust's activities and affairs. Trustees must be United States citizens and residents of Maricopa County, and are appointed by the Maricopa County Board of Supervisors (BOS) and County Manager. During FY06-07, the following individuals were members of the Board of Trustees:

<u>Trustee District/Appointment</u>	<u>Trustee</u>
BOS District One	Michael Liburdi
BOS District Two	Joel Sterrett
BOS District Three	Vacant
BOS District Four	David Tierney, Chairman
BOS District Five	Richard "Joe" Lugo
BOS Chairman	BOS Chairman
County Manager	Tom Manos

FY06-07 Results

Maricopa County enjoyed mixed results this fiscal year in the risk/exposure area. Total dollars paid plus open reserves were \$5,863,201, down 58.7% for this fiscal year compared to the prior fiscal year. However, the Cost of Risk increased slightly. Risk Management's costs increased \$2,807,709 (9.9%), due primarily to continuing increases in claim payments and legal expenses, resulting in the Cost of Risk (Risk Management's costs compared to total County and MIHS expenditures) coming in at an unacceptable 1.24%. (Note that the number of claims filed this fiscal year decreased 1.5%, from 1,505 to 1,483. This claims figure represents the number of claims filed in the fiscal year. This figure is not based on event date, and does not include unemployment or workers compensation claims.) The County realized \$2,526,604 in net savings in FY06-07 through the use of in-network medical providers and a medical bill review service, and collected \$321,352 through subrogation, restitution, and deductible recovery efforts (the Claims and Environmental divisions, and our Third Party Administrator for Workers' Compensation). These mixed results need to be viewed in light of the County's growth in the number of people served within the County and the noted number of claims filed.

Maricopa County continues to be one of the fastest growing counties in the nation with a population over 3.8 million. It is the 4th most populous County in the United States, larger in population than 21 states, and larger geographically than 7 states. The County continues to enjoy a significant growth rate in population. Such size and growth, while economically positive, has resulted in the noted increase in the number of claims. Risk Management's emphasis on responsible claim handling and a strong proactive loss prevention and safety program is designed to keep this increase to a minimum.

The number of Maricopa County and MIHS employees varies from month to month. For FY05-06 and FY06-07, the numbers of actual positions were 16,607 and 18,563, respectively. (Note that we are using "actual positions" not "actual budgeted positions" as we have used in the past.) Workers' compensation claims with an event date in FY05-06 were 1,113, while Workers' Compensation claims with an event date in FY06-07 were 1,374. (Note, here we use event dates for these claims as these figures better reflect safety issues within the fiscal year.) This reflects an increase in the number of actual positions of 11.8% over the previous fiscal year, and an increase in the number of workers' compensation claims of 23.5% over this period. This highlights safety concerns that will be addressed in the coming fiscal year.

Cost of Risk

Cost of Risk is a comparison of the County's expenditures of the risk management program to the County's overall expenditures in the fiscal year. The effectiveness of a risk management program can be reflected in this comparison since the cost of a risk management program includes paid claims (amounts paid in the fiscal year without regard to the year the claim arose), insurance premiums, safety and loss control programs, and operational and administrative expenses, against total County's expenditures. During the past three fiscal years, Cost of Risk for the County has increased from 0.94% to the present 1.24%. This reflects an unacceptable increase in this measure. Risk Management is committed to reducing this measure to below 1%.

	FY04-05	FY05-06	FY06-07
Claims and Premiums			
Auto Liability	\$333,947	\$565,241	\$1,275,627
General Liability	\$2,398,938	\$3,808,717	\$4,072,737
Medical Malpractice	\$1,318,214	\$3,439,084	\$4,242,501
Property/Auto Physical Damage	\$292,481	\$508,957	\$1,169,794
Workers' Compensation	\$4,064,099	\$3,857,860	\$3,756,153
Unemployment	\$776,861	\$776,128	\$633,685
Premiums	\$4,191,010	\$4,370,784	\$4,308,288
Subtotal	\$13,375,550	\$17,326,771	\$19,458,785
Other Costs			
Legal Expenses	\$6,403,302	\$8,039,308	\$8,407,981
Actuary Fees			\$42,253
Broker Fees	\$145,000	\$93,488	\$145,000
Consulting and Management Fees	\$150,825	\$179,516	\$284,036
Claims Administration Service Fees	\$394,527	\$470,081	\$556,856
Workers' Compensation Taxes			\$526,586
Administrative	\$1,586,192	\$2,325,865	\$1,821,241
Subtotal	\$8,679,846	\$11,108,258	\$11,783,953
Total Risk Management Costs	\$22,055,396	\$28,435,029	\$31,242,738
Total County Expenditures	\$2,353,876,507	\$2,322,075,397	\$2,529,353,568
TOTAL COST AS A PERCENTAGE OF COUNTY EXPENDITURES	0.94%	1.22%	1.24%

- Notes:
1. Paid claims represents the amount paid in the fiscal year regardless of occurrence date and does not include Reported But Not Paid (RBNP) or Incurred But Not Reported (IBNR) reserves.
 2. Amounts as valued on June 30, 2007, as reported in the Advantage Financial System.
 3. Total County Expenditures includes Maricopa County Special Health Care District (d/b/a MIHS) as reported in the MIHS Audited Financial Statements on June 30, 2007.
 4. Actuary Fees and Workers' Compensation Taxes are listed separately in FY06/07. In previous years, these were included in the Administrative line item.

Acknowledgment

The Risk Management Department would like to thank the Maricopa County Board of Supervisors, Elected Officials, County Manager, Chief Financial Officer, Self-Insured Trust Fund Board of Trustees, County Attorney's Office, County departmental management, employees, and volunteers for their demonstrated interest in reducing claims and lawsuits, and their commitment to safety.

Respectfully submitted,

Peter J. Crowley
Risk Manager

Bill Warren, Assistant Risk Manager, Safety Division
Ted Howard, Manager, Claims Division
Samantha Wright-Sprague, Manager, Administration Division
Rita Neill, Manager, Environmental Division
Norma Vega, Administrative/Insurance Coordinator
Michelle Black, Accountant
Jenny Durda, Information Specialist
and the entire Risk Management Staff

Notes: For presentation purposes only, the dollar amounts and associated percentages in all of the charts and tables presented herein, have been rounded to the nearest whole dollar or percent.

CLAIMS DIVISION

The Claims Division of Risk Management handles all property and liability claims filed against Maricopa County and its employees. The Division is staffed with five full time adjusters, a manager, and support staff. In addition to handling the claims described above, the Division oversees the adjustment of workers' compensation and unemployment claims by third party administrators. These claims are handled by Pinnacle Risk Services and Talx Employer Services.

Claims are investigated and evaluated, then either paid or denied on their merits. Litigated claims are assigned to either the County Attorney's Office or outside counsel. The Division works with assigned attorneys to obtain the most favorable result possible for the County. We are committed to settling claims owed at a fair and reasonable amount while defending claims without merit.

FY06-07 Summary

The Claims Division handled 1483 new claims in FY06-07, a very slight decrease over the previous fiscal year. This decrease in new claims is the first since FY01-02, a year in which the Division handled 742 new claims. The County has otherwise experienced a significant upward trend since then. Due to the efforts of the Claims Division, the County continues to realize substantial savings from its property and liability exposures. The Division is committed to work to further improve in these areas and help reduce the cost of risk to the taxpayers of Maricopa County.

In addition to handling claims, the Division provides the following services to the County:

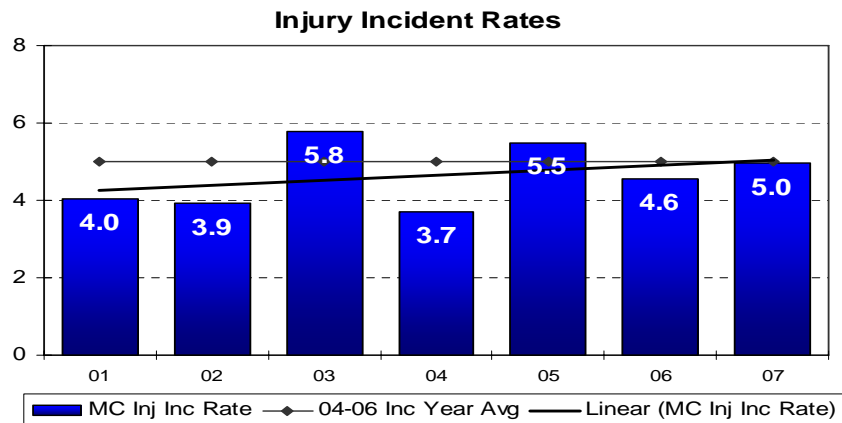
- Subrogation, restitution, and deductible recovery. In FY06-07, the Division collected \$321,352.70.
- Consultation services. We report to and consult with County departments on coverage issues, pending claims, and litigation. This is done as both an informational tool and as a means to find ways to reduce claims or exposures.
- Review and management of the third party administrator providing adjustment of workers' compensation claims for County employees. For FY06-07, 1377 worker's compensation claims were filed by County employees. In addition to adjustment of these claims, Pinnacle Risk Management Services and its affiliated vendors conduct bill reviews, and employ discounts available to the County for participation in a PPO network. As a result, the County has realized significant savings in its worker's compensation exposure. The most recent data available indicates that the County paid \$124 per employee in compensation benefits for FY06, far less than other Counties comparable by size of workforce. Further, the County realized a savings of \$2,526,604.55 in medical expense as a result of bill review.
- Review of indemnity and insurance language in County contracts.
- Oversee outside contractors providing automobile and property appraisal services, vehicle repair services, and structured settlement services to the County.
- Coordinate recovery for County agencies from our excess property and liability insurance policies.

SAFETY DIVISION

The primary objective of the Maricopa County Safety & Loss Control Programs is to protect the County against losses which would significantly affect our personnel, operation, property, budget, and ability to fulfill our responsibilities to the public. Objectives of the Safety Division's programs are, on behalf of management, to direct all efforts toward reducing occupational and operational risks that can threaten the continuity of the service we provide and to maintain budget integrity. These objectives can be accomplished by:

1. Full management support of our safety policies.
2. Maintaining an effective, comprehensive safety program.
3. Identifying potential risks and hazard awareness.
4. Training employees in safe work practices.

In reviewing departmental safety performance, workers compensation data this fiscal year, claims showed a significant increase of 23 percent over last year. (1113 claims in FY05-06, and 1374 claims in FY06-07, see page VI-3 of the statistics and coverage section). Although the number of claims increased, most were less severe and workers compensation payments and reserves (see page VI-1 of the statistics and coverage section) were decreased from \$4,632,215 in FY05-06 to \$3,557,493 in FY06-07, a \$1,074,722, or 23 percent, reduction in cost.



Working to improve workplace safety and ensure OSHA compliance, the Division:

- Received the 2007 Achievement Award from the National Association of Counties for the Commercial Drivers and Equipment Training Programs.
- Conducted a countywide four-day Employee Safety Fair and Equipment ROADEO, with 500 employees participating in 93 Safety Classes along with events testing operator skills and knowledge of equipment operations.

Safety is a corporate effort! As Maricopa County continues to develop its future strategies in safety management systems, it is necessary that each level of management must take a proactive role in safety development. Management commitment and front line supervision accountability is the key to sustaining the safety process and reducing unsafe work practices.

ENVIRONMENTAL DIVISION

The Environmental Division of Risk Management conducts remedial investigations and takes action to minimize County environmental liability as determined by law, regulation, statute, and/or court order. The Division provides leadership in the area of pollution prevention and environmental management, and has developed a proactive assessment and action process that mitigates environmental liabilities, saving the County in the cost of remedial action and regulatory penalties. Possible environmental liability costs of known sites have been reduced from previous estimates of over \$500 million for FY95-96, to approximately \$39 million for FY06-07.

This fiscal year the Division:

- Completed Phase I and II environmental characterizations for 5 former landfills – Aguilla, Avondale, Gila Bend, Hassayampa, and New River.
- Completed Liability Study for all 10 County closed landfills to determine current and future County liability at these sites.
- Continued groundwater monitoring at the New Cave Creek Landfill in order to determine location for new monitoring well. Negotiated with land owners for access to install new well.
- Began preparation of new Stormwater Pollution Prevention Plans (SPPPs) for 15 County properties. Began preparation of new Spill Prevention Containment and Countermeasure Plans for 7 County sites.
- Completed Phase I environmental assessments for 3 facilities. Completed assessments for indoor air quality (8), asbestos (6) and mold (13) at additional facilities.
- Assisted Parks and Recreation, Facilities Management, Superior Courts, Real Estate, MCSO, MCDOT, and Air Quality in preparing Requests for Proposals for environmental studies, indoor air quality, asbestos surveys, and air permit reviews.
- Participated in Hassayampa Superfund Steering Committee.
- Continued environmental monitoring of a former County landfill. Replaced passive landfill gas vents at the site. Reviewed drainage study prepared for site.
- Worked with APS to gain access to County property to conduct USEPA mandated sampling to characterize contamination from APS facility.
- Continued to provide sound environmental compliance information to requesting departments.

The Division recognizes that environmental risks are capable of being managed through risk control and prevention measures. These measures include separation of hazardous materials, effective pollution prevention and loss control techniques, redundant controls and safety mechanisms, double and triple containment of tanks and flow tubes, emergency response plans, and effective training of employees. The Division will continue to seek to implement these measures.

ADMINISTRATIVE DIVISION

The Administrative Division is responsible for procuring the insurance policies above the County's self-insured retention, providing certificates of insurance to County departments, preparing the annual user charges for services, preparing the annual budget and financial statements for the Trust, and providing administrative support to the other divisions within the department. Included in this report is a comparison of the assets and liabilities of the Trust over a three-year period, the trend of the current insurance market, a budget summary, and the financial statements through fiscal year ended June 30, 2007.

Self-Insured Trust Fund Combined Balance Sheet Comparison FY04-05, FY05-06, and FY06-07

	<u>FY04-05</u>	<u>FY05-06</u>	<u>FY06-07</u>
Assets	\$39,013,788	\$36,624,674	\$33,194,501
Liabilities	\$51,716,639	\$57,458,078	\$59,207,749
Net assets (deficit)	(\$12,702,851)	(\$20,833,404)	(\$26,013,248)

During the FY04-05 through FY06-07 period, the Trust's assets decreased \$5,819,287, or 14.92%, from \$39,013,788 to \$33,194,501. During the same period, the Trust's liabilities increased \$7,491,110, or 14.48%, from \$51,716,639 to \$59,207,749. Net assets (deficits) are a result of a spend down of the self-insured trust fund in a prior period, where user departments were only charged for administrative costs while claims and insurance were still being paid by Risk Management on behalf of these user departments. FY06-07 balance sheet details are provided in the financial section. The Trust began billing user departments for the full costs of claims and insurance in FY99-00.

Insurance Policies

Risk Management continues to analyze current insurance market trends. It is expected that insurance premiums in all lines of coverage will increase somewhat, but the "hard" market of the last few years may be abating. It is projected that potential increases in annual premium costs will not be as great as in the past years. Risk Management will continue working closely with our insurance broker to aggressively pursue reasonable insurance coverages to protect Maricopa County.

At the close of this fiscal year, the County's major insurance policies are as follows:

<u>Coverage</u>	<u>Policy Period</u>	<u>Limits</u>	<u>Deductible/SIR</u>
General Liability (Excess liability)	3-1-07/3-1-08	\$5 million \$25 million	\$5 million SIR
Medical Malpractice	12-4-06/12-4-07	\$25 million	\$5 million SIR

Workers' Compensation	7-1-06/7-1-07	\$25 million	\$2 million SIR
Property Damage	7-1-06/7-1-07	\$300 million	\$100,000 per occ.

Budget Summary

The expenditure budget for the Risk Management Department for FY06-07 was \$32,401,770. Of this amount, \$1,576,898 was for personnel costs, \$273,617 was for supplies and services, \$9,000 was for capital equipment and \$30,542,255 was for insurance, legal, and claims and claims related expenditures. On a percentage basis, 94.26% of Risk Management's budget is for insurance, legal, and claims and claim related expenditures.

The revenue budget for the Risk Management Department for FY06-07 was \$26,750,000. Of this amount, \$26,000,000 was from user charges and \$750,000 was from interest earnings. On a percentage basis, 97.20% of the revenue is from user charges. These user charges are based on actuarially estimated claims payments and insurance projections for what the Risk Management Department will pay out on behalf of County departments.

Financial Statements

The financial statements presented in this section have been audited by the State of Arizona, Office of the Auditor General, and are included in the *Maricopa County Comprehensive Annual Financial Report* (CAFR) and the *Risk Management and Employee Benefits Trust Report on Audit of Financial Statements* for FY06-07.

The actual expenditures for the Risk Management Department for FY06-07 were \$33,056,364. Of this amount, \$1,532,684 was for personnel costs, \$266,832 was for supplies and services, \$9,975 was for capital equipment and \$31,246,873 was for insurance, legal, and claims and claims related expenditures. On a percentage basis, 94.53% of Risk Management's actual expenditures are for insurance, legal, and claims and claims related expenditures.

The actual revenue for the Risk Management Department for FY06-07 was \$27,876,520. Of this amount, \$26,000,000 was from user charges, \$387,373 was from other income, and \$1,489,147 was from interest earnings. On a percentage basis, 93.27% of the revenue was from user charges.

MARICOPA COUNTY
RISK MANAGEMENT AND EMPLOYEE BENEFITS TRUST FUNDS
Statements of Net Assets—Internal Service Funds
June 30, 2007

	<u>Risk Management</u>	<u>Employee Benefits</u>
Assets		
Current assets:		
Cash and cash equivalents-		
Risk management	\$ 30,975,377	
Environmental insurance claims recovery	386,534	
Employee benefits		\$ 44,374,517
Interest receivable	204,329	273,331
Accounts receivable		1,136,651
Prepaid insurance	1,617,304	238,215
Total current assets	<u>33,183,544</u>	<u>46,022,714</u>
Noncurrent assets:		
Machinery and equipment	86,951	
Less: accumulated depreciation	75,994	
Total noncurrent assets	<u>10,957</u>	
Total assets	<u>33,194,501</u>	<u>46,022,714</u>
Liabilities		
Current liabilities:		
Accounts payable	1,332,075	7,429,019
Employee compensation payable	145,655	145,894
RBUC and IBNR claims	21,717,037	2,206,068
Total current liabilities	<u>23,194,767</u>	<u>9,780,981</u>
Noncurrent liabilities:		
RBUC and IBNR claims	36,012,982	
Total noncurrent liabilities	<u>36,012,982</u>	
Total liabilities	<u>59,207,749</u>	<u>9,780,981</u>
Net Assets		
Invested in capital assets	10,957	
Unrestricted (deficit)	(26,024,205)	36,241,733
Total net assets (deficit)	<u>\$ (26,013,248)</u>	<u>\$ 36,241,733</u>

See accompanying notes to financial statements.

MARICOPA COUNTY
RISK MANAGEMENT AND EMPLOYEE BENEFITS TRUST FUNDS
Statements of Revenues, Expenses, and
Changes in Fund Net Assets—Internal Service Funds
Year Ended June 30, 2007

	Risk Management	Employee Benefits
Operating revenues:		
Charges for services	\$ 26,000,000	
County and employee premiums		\$ 23,269,666
Other income	387,373	57,286
Total operating revenues	26,387,373	23,326,952
Operating expenses:		
Personal services	1,532,684	145,894
Supplies and services	276,807	
Actuary fees	42,253	
Consulting and management fees	284,036	
Brokers' fees	145,000	
Claims administration service fees	556,856	654,235
Legal expenses	8,407,981	
Workers' compensation taxes	526,586	
Claims and insurance:		
Auto liability claims paid	1,275,627	
Auto liability RBUC and IBNR claims increase in estimate	1,340,287	
Total auto liability	<u>2,615,914</u>	
General liability claims paid	4,072,737	
General liability RBUC and IBNR claims increase in estimate	1,700,600	
Total general liability	<u>5,773,337</u>	
Workers' compensation claims paid	3,756,153	
Workers' compensation RBUC and IBNR claims increase in estimate	5,279	
Total workers' compensation	<u>3,761,432</u>	
Medical malpractice claims paid	4,242,501	
Medical malpractice RBUC and IBNR claims decrease in estimate	(1,059,466)	
Total medical malpractice	<u>3,183,035</u>	
Auto physical damage claims paid	607,887	
Auto physical damage RBUC increase in estimate	64,284	
Total auto physical damage	<u>672,171</u>	
Property claims paid	561,907	
Property claims RBUC decrease in estimate	(237,358)	
Total property	<u>324,549</u>	
Pharmacy claims paid		11,612,603
Pharmacy IBNR claims decrease in estimate		(355,917)
Total pharmacy		<u>11,256,686</u>
Medical claims paid		1,351,618
Medical IBNR claims decrease in estimate		(257,000)
Total medical		<u>1,094,618</u>

See accompanying notes to financial statements.

(Continued)

MARICOPA COUNTY
RISK MANAGEMENT AND EMPLOYEE BENEFITS TRUST FUNDS
Statements of Revenues, Expenses, and
Changes in Fund Net Assets—Internal Service Funds
Year Ended June 30, 2007
(Continued)

	Risk Management	Employee Benefits
Dental claims paid		\$ 1,678,024
Dental IBNR claims increase in estimate		11,000
Total dental		<u>1,689,024</u>
Short-term disability claims paid		1,797,928
Short-term disability IBNR claims increase in estimate		36,000
Total short-term disability		<u>1,833,928</u>
Wellness incentives paid		139,309
Total wellness		<u>139,309</u>
External prosthetics appliances claims paid		9,432
Total general medical		<u>9,432</u>
Unemployment claims	\$ 633,685	
General liability insurance premiums	1,406,175	
Workers' compensation insurance premiums	474,011	
Crime insurance premiums	31,291	
Property insurance premiums	774,552	
Malpractice insurance premiums	1,622,259	
Stop loss insurance premiums		25,100
Depreciation	11,750	
Total operating expenses	<u>33,056,364</u>	<u>16,848,226</u>
Operating income (loss)	(6,668,991)	6,478,726
Nonoperating revenues:		
Investment income	1,489,147	1,603,022
Total nonoperating revenues	<u>1,489,147</u>	<u>1,603,022</u>
Increase (decrease) in net assets	(5,179,844)	8,081,748
Total net assets (deficit), July 1, 2006, as restated	<u>(20,833,404)</u>	<u>28,159,985</u>
Total net assets (deficit), June 30, 2007	<u><u>\$ (26,013,248)</u></u>	<u><u>\$ 36,241,733</u></u>

See accompanying notes to financial statements.

MARICOPA COUNTY
RISK MANAGEMENT AND EMPLOYEE BENEFITS TRUST FUNDS
Statements of Cash Flows—Internal Service Funds
Year Ended June 30, 2007

	<u>Risk Management</u>	<u>Employee Benefits</u>
Cash flows from operating activities:		
Receipts from other funds	\$ 26,000,000	\$ 24,243,653
Other receipts	387,373	57,286
Payments for fees, supplies, and services	(10,321,053)	(654,235)
Payments for insurance claims	(15,150,497)	(9,697,942)
Payments for insurance premiums	(4,174,875)	(9,011)
Payments to employees	(1,515,105)	
Net cash provided by (used for) operating activities	<u>(4,774,157)</u>	<u>13,939,751</u>
Cash flows from investing activities:		
Interest received on investments	<u>1,479,785</u>	<u>1,474,277</u>
Net increase (decrease) in cash and cash equivalents	(3,294,372)	15,414,028
Cash and cash equivalents, July 1, 2006	<u>34,656,283</u>	<u>28,960,489</u>
Cash and cash equivalents, June 30, 2007	<u><u>\$31,361,911</u></u>	<u><u>\$ 44,374,517</u></u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:		
Operating income (loss)	\$ (6,668,991)	\$ 6,478,726
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:		
Depreciation	11,750	
Net change in RBUC and IBNR claims, noncurrent portion	3,164,708	
Changes in assets and liabilities:		
Increase in:		
Accounts payable		6,890,972
Employee compensation payable	17,579	145,894
Decrease in:		
Accounts receivable		973,987
Prepaid insurance	133,413	16,089
Accounts payable	(81,534)	
RBUC and IBNR claims, current portion	(1,351,082)	(565,917)
Net cash provided by (used for) operating activities	<u><u>\$ (4,774,157)</u></u>	<u><u>\$ 13,939,751</u></u>

See accompanying notes to financial statements.

MARICOPA COUNTY
RISK MANAGEMENT TRUST FUND
Statements of Revenues, Expenses, and
Changes in Fund Net Assets—Internal Service Fund
Budget and Actual
Year Ended June 30, 2007

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Operating revenues:			
Charges for services	\$ 26,000,000	\$ 26,000,000	\$ 0
Other income	-	387,373	387,373
Total operating revenues	<u>26,000,000</u>	<u>26,387,373</u>	<u>387,373</u>
Operating expenses:			
Personal services	1,576,898	1,532,684	(44,214)
Supplies and services	282,617	276,807	(5,811)
Accounting and auditing fees	13,000	-	(13,000)
Actuary fees	48,000	42,253	(5,747)
Consulting and management fees	360,000	284,036	(75,964)
Brokers' fees	145,000	145,000	0
Claims administration service fees	400,000	556,856	156,856
Legal expenses	9,711,767	8,407,981	(1,303,786)
Workers' compensation taxes	450,000	526,586	76,586
Total auto liability	1,460,187	2,615,914	1,155,727
Total general liability	4,901,831	5,773,337	871,506
Total workers' compensation	4,467,802	3,761,432	(706,370)
Total medical malpractice	1,466,910	3,183,035	1,716,125
Total auto physical damage	551,583	672,171	120,588
Total property	240,655	324,549	83,894
Unemployment claims	800,000	633,685	(166,315)
General liability insurance premiums	1,750,000	1,406,175	(343,825)
Workers' compensation insurance premiums	491,519	474,011	(17,508)
Crime insurance premiums	33,000	31,291	(1,709)
Property insurance premiums	926,000	774,552	(151,448)
Malpractice insurance premiums	2,325,000	1,622,259	(702,742)
Depreciation	-	11,750	11,750
Total operating expenses	<u>32,401,770</u>	<u>33,056,364</u>	<u>654,595</u>
Operating loss		(6,668,991)	
Nonoperating revenues:			
Investment income	750,000	1,489,147	739,147
Total nonoperating revenues	<u>750,000</u>	<u>1,489,147</u>	<u>739,147</u>
Decrease in net assets		(5,179,844)	
Total net deficit, July 1, 2006		<u>(20,833,404)</u>	
Total net deficit, June 30, 2007		<u><u>\$ (26,013,248)</u></u>	

See accompanying notes to financial statements.

MARICOPA COUNTY
RISK MANAGEMENT AND EMPLOYEE BENEFITS TRUST FUNDS
Notes to Financial Statements
June 30, 2007

NOTE 1 - Summary of Significant Accounting Policies

The County, in the exercise of the authority granted by Arizona Revised Statutes (A.R.S.) §11-981, has established a trust fund and declares itself self-insured. For financial statement presentation purposes, the Self-insured Trust Fund is reported as Risk Management and Employee Benefits Trust Funds (Funds) and all monies held in these Funds are considered unrestricted. The Funds' financial statements are prepared in conformity with U.S. generally accepted accounting principles applicable to governmental units adopted by the Governmental Accounting Standards Board (GASB). The Maricopa County *Comprehensive Annual Financial Report* for the year ended June 30, 2007, will report the Funds as governmental activities on the government-wide financial statements since they predominantly service the County's governmental funds. A summary of the Funds' more significant accounting policies follows.

A. Reporting Entity

The Funds are accounted for as internal service funds of Maricopa County, Arizona, under the direction of an administrator appointed by the County Board of Supervisors. In addition, the Funds are administered by no less than six joint trustees, all of whom shall be citizens of the United States of America and residents of Maricopa County. The County Board of Supervisors also appoints the trustees. However, the ultimate financial accountability for the Funds remains with the County. The County is responsible for the management and operations of the financing of the uninsured risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; natural disasters; and for certain health benefits (pharmacy, medical, dental, short-term disability, medical incentives, and wellness incentives) to eligible employees and their dependents.

B. Fund Accounting

The Funds' accounts are maintained in accordance with the principles of fund accounting to ensure that limitations and restrictions on the Funds' available resources are observed. The principles of fund accounting require that resources be classified for accounting and reporting purposes into funds in accordance with the activities or objectives specified for those resources. Each fund is considered a separate accounting entity, and its operations are accounted for in a separate set of self-balancing accounts that comprises its assets, liabilities, net assets, revenues, and expenses.

The Funds' financial transactions are recorded and reported as internal service funds since their operations are financed and operated in a manner similar to private business enterprises.

MARICOPA COUNTY
RISK MANAGEMENT AND EMPLOYEE BENEFITS TRUST FUNDS
Notes to Financial Statements
June 30, 2007

The intent of the County Board of Supervisors is that the costs (expenses, including depreciation) of providing goods or services to other departments within the County on a continuing basis be financed or recovered primarily through user charges.

C. Basis of Presentation and Accounting

The financial statements include statements of net assets; statements of revenues, expenses, and changes in fund net assets; and statements of cash flows.

The statements of net assets provide information about the assets, liabilities, and net assets of the Funds at the end of the year. Assets and liabilities are classified as either current or noncurrent. Net assets are classified according to the availability of assets to satisfy the Funds' obligations. Invested in capital assets represents the value of capital assets, net of accumulated depreciation. Unrestricted net assets represent the balance of monies held in the Funds.

The statements of revenues, expenses, and changes in fund net assets provide information about the Funds' financial activities during the year. Revenues and expenses are classified as either operating or nonoperating, and all changes in net assets are reported. Generally, charges for services and premiums are considered to be operating revenues. Other revenues such as investment income are not generated from operations and are considered to be nonoperating revenues. The cost of services, administrative expenses, and depreciation on capital assets are considered to be operating expenses.

The statements of cash flows provide information about the Funds' sources and uses of cash and cash equivalents during the year. Increases and decreases in cash and cash equivalents are classified as either operating, noncapital financing, capital and related financing, or investing.

Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied, and determines when revenues and expenses are recognized in the accounts and reported in the financial statements. The financial statements of the Funds are presented on the accrual basis of accounting using the economic resources measurement focus. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

The Funds apply only those applicable Financial Accounting Standards Board Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements. The Funds have chosen the option not to follow FASB Statements and Interpretations issued after November 30, 1989.

MARICOPA COUNTY
RISK MANAGEMENT AND EMPLOYEE BENEFITS TRUST FUNDS
Notes to Financial Statements
June 30, 2007

D. Cash and Cash Equivalents

For purposes of the statements of cash flows, the Funds consider cash on hand, demand deposits, cash on deposit with the County Treasurer, and only those highly liquid investments with a maturity of 3 months or less when purchased to be cash equivalents.

E. Machinery and Equipment

Machinery and equipment are capitalized at cost. Depreciation of machinery and equipment is charged as an expense against operations. These assets are depreciated over their estimated useful lives using the straight-line method. The estimated useful lives of machinery and equipment range from 3 to 10 years.

F. Employee Compensation Payable

Compensated absences consist of vacation leave and a calculated amount of sick leave earned by employees based on services already rendered. Employees may accumulate up to 240 hours of vacation leave, but any vacation hours in excess of the maximum amount that are unused at calendar year-end convert to sick leave. Upon termination of employment, all unused vacation benefits are paid to employees. Accordingly, vacation benefits are accrued as a liability in the financial statements.

Employees may accumulate an unlimited number of sick leave hours. Generally, sick leave benefits provide for ordinary sick pay and are cumulative but are forfeited upon termination of employment. Because sick leave benefits do not vest with employees, a liability for sick leave benefits is not accrued in the financial statements. However, upon retirement, County employees with accumulated sick leave in excess of 1,000 hours are entitled to a \$10,000 nontaxable investment in a Post Employment Health Plan established pursuant to Internal Revenue Code §501(c)(9). The obligations vested at June 30, 2007, under this policy are accrued as a liability.

Compensated absences are substantially paid within one year from fiscal year-end and, therefore, are reported as a current liability.

NOTE 2 - Beginning Balance Restated

On July 1, 2006, Maricopa County restated the Employee Benefits Trust Fund's net assets balance for corrections pertaining to medical incentives payable reported as part of RBUC and IBNR claims liability, current portion, in error. These liabilities represented estimated incentives payable to the County's health care provider which were not due and payable at June 30, 2006.

MARICOPA COUNTY
RISK MANAGEMENT AND EMPLOYEE BENEFITS TRUST FUNDS
Notes to Financial Statements
June 30, 2007

	Employee Benefits Trust Fund
Net assets as of June 30, 2006, as previously reported	\$27,559,985
Correction of error	600,000
Net assets as of July 1, 2006, as restated	<u>\$28,159,985</u>

NOTE 3 - Deposits and Investments

Arizona Revised Statutes (A.R.S.) authorize the Funds to invest public monies in the State Treasurer's investment pool; obligations issued or guaranteed by the United States or any of the senior debt of its agencies, sponsored agencies, corporations, sponsored corporations, or instrumentalities; specified state and local government bonds; interest earning investments such as savings accounts, certificates of deposit, and repurchase agreements in eligible depositories; and specified commercial paper, bonds, debentures, and notes issued by corporations organized and doing business in the United States. In addition, the County Treasurer may invest trust funds in fixed income securities of corporations doing business in the United States or District of Columbia.

Credit risk

Statutes have the following requirements for credit risk:

1. Commercial paper must be rated P1 by Moody's investors service or A1 or better by Standard and Poor's rating service.
2. Corporate bonds, debentures, and notes must be rated A or better by Moody's investors service or Standard and Poor's rating service.
3. Fixed income securities must carry one of the two highest ratings by Moody's investors service and Standard and Poor's rating service. If only one of the above-mentioned services rates the security, it must carry the highest rating of that service.

Custodial credit risk

Statutes require collateral for demand deposits, certificates of deposit, and repurchase agreements at 101 percent of all deposits not covered by federal depository insurance.

Interest rate risk

Statutes require that public monies invested in securities and deposits have a maximum maturity of 5 years and that public operating fund monies invested in securities and deposits have a maximum maturity of 3 years. Investments in repurchase agreements must have a maximum maturity of 180 days.

MARICOPA COUNTY
RISK MANAGEMENT AND EMPLOYEE BENEFITS TRUST FUNDS
Notes to Financial Statements
June 30, 2007

Deposits—At June 30, 2007, the carrying amount of the Funds' deposits was \$3,327,456, and the bank balance was \$3,335,514. The Funds follow the County's policies requiring collateralization of all deposits by at least 101% of the deposits not covered by depository insurance. At a minimum, the collateral is to be held by the pledging financial institution or its agent, but does not have to be held in the County's name.

At June 30, 2007, \$1,282,232 of the Funds' bank balance was uninsured and uncollateralized. The deposits pertain totally to the Employee Benefits Trust Fund.

Investments—The Funds' investments at June 30, 2007, consisted of monies invested in the Maricopa County Treasurer's Investment Pool. The Funds' investments in the pool represent a portion of the County Treasurer's pool portfolio. There is no oversight provided for the County Treasurer's investment pool, and the pool's structure does not provide for shares. The Funds' portion in the pool is not identified with specific investments.

Credit Risk—The Funds follow the County's policy to preserve the principal value and the interest income of an investment. The County can invest in obligations issued or guaranteed by the United States or any of the senior debt of its agencies, sponsored agencies, corporations, or instrumentalities. The County can also invest in commercial paper and corporate bonds with ratings that meet the statutory requirements specified above. At June 30, 2007, the Funds' investments consisted of monies invested in the Maricopa County Treasurer's Investment Pool which is unrated.

Interest rate risk—It is the County's policy to hold investments to maturity, where practical, and avoid any loss on investments resulting from an early sale or retirement of an investment. Additionally, securities should be invested for a shorter duration, where applicable. At June 30, 2007, the Funds had investments of \$72,408,872 in the Maricopa County Treasurer's Investment Pool with a weighted average maturity of 478 days.

A reconciliation of cash, deposits, and investments to amounts shown on the Statements of Net Assets follows:

Cash, deposits, and investments:	
Cash on hand	\$ 100
Amount of deposits	3,327,456
County Treasurer's Investment Pool	<u>72,408,872</u>
Total	<u>\$75,736,428</u>

MARICOPA COUNTY
RISK MANAGEMENT AND EMPLOYEE BENEFITS TRUST FUNDS
Notes to Financial Statements
June 30, 2007

NOTE 4 - Liabilities for Unpaid Claims

The Funds provide for claims liabilities based on estimates of the ultimate cost of claims, including future claims adjustment expenses, that have been reported but unpaid (RBUC), and of claims that have been incurred but not reported (IBNR).

The County is liable for any single claim up to the insurance deductible or self-insurance retention (SIR), whichever is applicable, and the excess over insurance limits.

The following insurance deductibles, self-insurance retentions (SIR), and insurance limits were in effect during fiscal year 2006-07:

<u>Policy Type</u>	<u>Deductible</u>	<u>SIR</u>	<u>Limit</u>
General and auto liability		\$ 5,000,000	\$ 5,000,000
Excess general and auto liability			25,000,000
Property/inland marine	\$ 100,000		300,000,000
Boiler and machinery	100,000		50,000,000
Earthquake	100,000		50,000,000
Flood zones except A and V	500,000		25,000,000
Flood zones A and V	500,000		10,000,000
Difference in conditions			10,000,000
Employee dishonesty	100,000		10,000,000
Faithful performance of duty	100,000		1,000,000
Theft and robbery	10,000		1,000,000
Computer and wire transfer fraud	100,000		10,000,000
Workers' compensation		2,000,000	25,000,000
Employer's liability			2,000,000
Medical malpractice		5,000,000	15,000,000
Excess medical malpractice			10,000,000

Settled claims have not exceeded the above commercial insurance coverage limits over the past 3 years.

Risk Management Trust Fund

Liabilities for unpaid claims are estimates of the ultimate cost of claims that include the insurance deductible, the SIR, and the excess over insurance limits. The estimates are determined by an independent actuary using the following actuarial methods: reported loss development, paid loss development, Bornhuetter-Ferguson reported loss and paid loss, frequency times severity, expected loss, incremental paid-workers' compensation, paid

MARICOPA COUNTY
RISK MANAGEMENT AND EMPLOYEE BENEFITS TRUST FUNDS
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allocated loss adjustment expense to paid loss development-automobile liability, and tail liability for medical malpractice. Total liabilities are equal to the sum of:

1. Reported but unpaid claims (RUC), which represent the estimated liability on reported claims established by the Risk Management department and
2. Incurred but not reported (IBNR) reserves, which include known loss events that are expected to become claims and expected future development on claims already reported. Therefore, IBNR is largely an estimate of loss and claim adjustment expenses associated with future likely claims activity based on historical actual results that establish a reliable pattern.

Accrued actuarial liabilities are based on a discounted 55 percent confidence level assuming a 4.50 percent annual rate of return on investments.

The total liabilities reported at June 30, 2007, categorized by insurable area follow:

	<u>Total Liabilities</u>
Auto liability	\$ 2,140,022
General liability	32,180,129
Workers' compensation	9,707,098
Medical malpractice	13,094,200
Auto physical damage	289,975
Property	318,595
Total	<u>\$57,730,019</u>

The total estimates of unpaid claim liabilities of \$57,730,019 at June 30, 2007, increased by \$1,813,626 from last year's balance of \$55,916,393. The areas that increased were general liability and auto liability.

Changes in the liabilities for unpaid auto, general, workers' compensation, medical malpractice, auto physical damage, and property claims follow:

	<u>Balance</u>	<u>Current-Year</u>	<u>Claims</u>	<u>Balance</u>
	<u>July 1</u>	<u>Changes in</u>	<u>Payments</u>	<u>June 30</u>
		<u>Estimates</u>		
2004-05	\$42,532,613	\$15,923,337	\$(7,965,399)	\$50,490,551
2005-06	50,490,551	17,605,701	(12,179,859)	55,916,393
2006-07	55,916,393	16,330,438	(14,516,812)	57,730,019

MARICOPA COUNTY
RISK MANAGEMENT AND EMPLOYEE BENEFITS TRUST FUNDS
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Of these liabilities, \$21,717,037 were actuarially estimated to be paid within the next 12 months.

Employee Benefits Trust Fund

The liability for pharmacy (Coinsurance Plan), medical, dental, and short-term disability claims as shown below is based on the fiscal year 2006-07 actuarial reports. The Consumer Choice Plan portion of the liability for pharmacy is based on the unused portion of the members' pharmacy accounts administered by Walgreens Health Initiatives.

Accrued liabilities at June 30, 2007, for each insurable area follow:

Pharmacy	\$1,327,068
Medical	338,000
Dental	278,000
Short-term disability	263,000
Total	<u>\$2,206,068</u>

Changes in the liabilities for unpaid pharmacy, medical, dental, and short-term disability claims follow:

	Balance July 1 <u>as restated</u>	Current-Year Claims and Changes in <u>Estimates</u>	Claims <u>Payments</u>	Balance June 30 <u></u>
2004-05	\$5,139,150	\$33,271,440	\$(34,329,655)	\$4,080,935
2005-06	4,080,935	26,446,873	(27,155,823)	3,371,985
2006-07	2,771,985	16,022,997	(16,588,914)	2,206,068

It is estimated that the June 30, 2007, liabilities balance of \$2,206,068 will be paid within the next 12 months.

NOTE 5 - Net Assets Deficit

The County Board of Supervisors elected not to fund the Risk Management Trust Fund's unpaid claims in fiscal years 1995-96 through 1998-99. Consequently, the Risk Management Trust Fund only billed user departments for operating costs and administrative expenses for those years. This resulted in a total net assets deficit of \$23,321,519 at June 30, 1999. Starting July 1, 1999, the Risk Management Trust Fund implemented a funding plan that

MARICOPA COUNTY
RISK MANAGEMENT AND EMPLOYEE BENEFITS TRUST FUNDS
Notes to Financial Statements
June 30, 2007

calls for the fiscal year ending cash balance to equal the next year's estimated claims and claims related expenses. As of June 30, 2007, the total net assets deficit was \$26,013,248. This is primarily due to the Risk Management Trust Fund not being funded for noncurrent accrued claim liabilities. Accrued claim liabilities of the Risk Management Trust Fund are not considered when determining funding for each fiscal year.

NOTE 6 - Letter of Credit

On July 1, 2006, the County renewed its workers' compensation insurance with a self-insured retention of \$2,000,000. As a result, the Industrial Commission of Arizona required the County to secure an irrevocable letter of credit in the amount of \$9.8 million with a financial institution to cover unfunded workers' compensation claims. During fiscal year 2006-07, the letter of credit had not been drawn upon. The letter of credit was renewed to July 1, 2008 for \$5.9 million.

NOTE 7 - Retirement Plan

Plan Description—The Risk Management Trust Fund contributes to a cost-sharing multiple-employer defined benefit pension plan administered by the Arizona State Retirement System (ASRS). Benefits are established by state statute and generally provide retirement, death, long-term disability, survivor, and health insurance premium benefits. The System is governed by the Arizona State Retirement System Board according to the provisions of A.R.S. Title 38, Chapter 5, Article 2.

The System issues a comprehensive annual financial report that includes financial statements and required supplementary information. The most recent report may be obtained by writing the ASRS, 3300 North Central Avenue, P.O. Box 33910, Phoenix, AZ 85067-3910 or by calling (602) 240-2000 or (800) 621-3778.

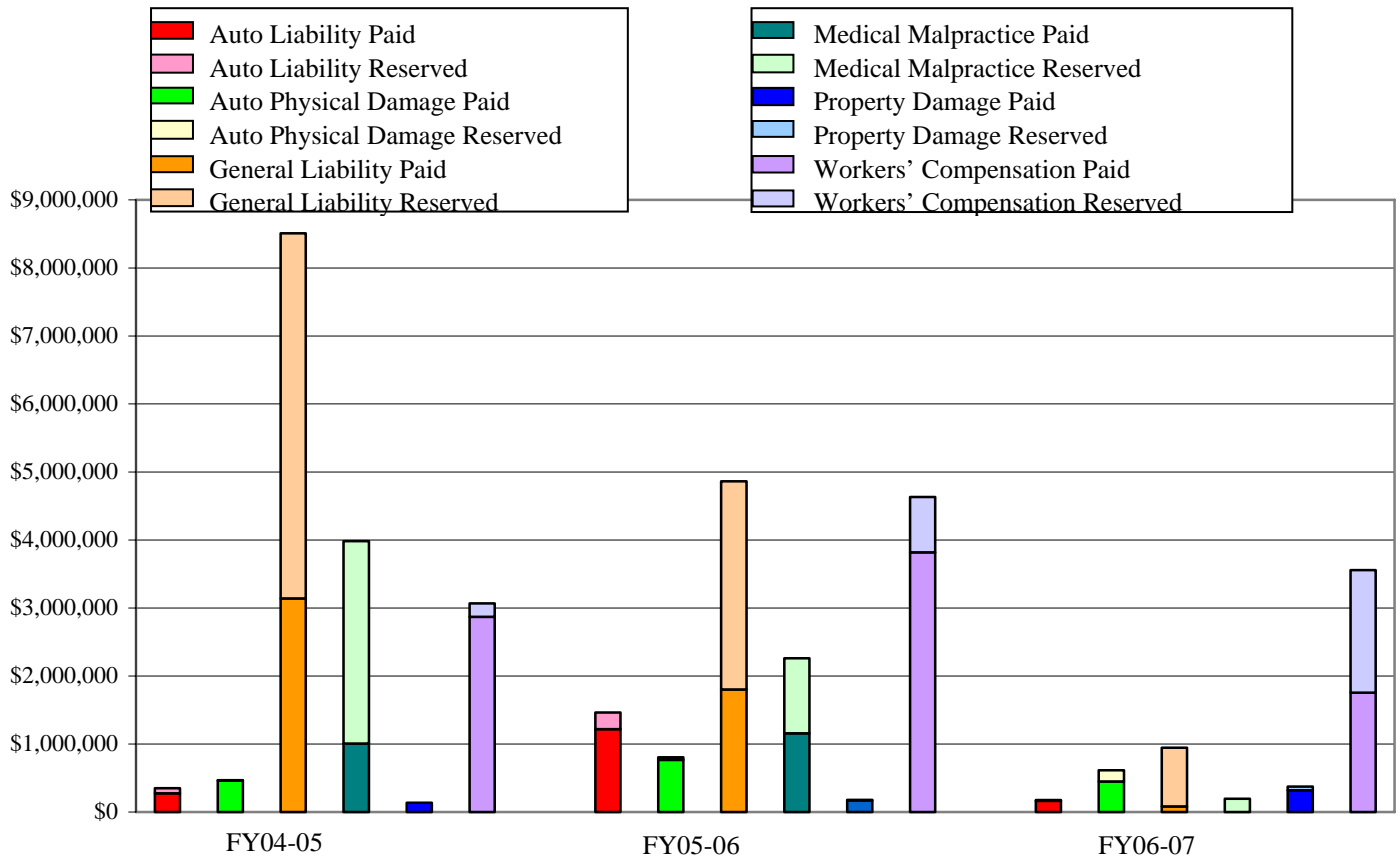
Funding Policy—The Arizona State Legislature establishes and may amend active plan members' and the Risk Management Trust Fund's contribution rates. For the year ended June 30, 2007, active plan members and the Risk Management Trust Fund were each required by statute to contribute at the actuarially determined rate of 9.1 percent (8.6 percent retirement and 0.5 percent long-term disability) of the members' annual covered payroll. The Risk Management Trust Fund's contributions to the System for the years ended June 30, 2007, 2006, and 2005 were \$107,105, \$79,608, and \$56,628, respectively, which were equal to the required contributions for the year.

MARICOPA COUNTY
RISK MANAGEMENT AND EMPLOYEE BENEFITS TRUST FUNDS
Notes to Financial Statements
June 30, 2007

NOTE 8 - Subsequent Events

On July 1, 2007, the County became self-insured for medical, behavioral health, and vision benefits for all County employees. Prior to this date, with the exception of the medical Health Select Plan, these benefits were fully insured through purchased commercial insurance.

TOTAL COST SUMMARY FY04-05 TO FY06-07



		Auto Liability	Auto Physical Damage	General Liability	Medical Malpractice	Property	Workers' Compensation	Total
FY 04-05	\$ Paid	\$275,074	\$463,459	\$3,140,938	\$1,007,613	\$135,417	\$2,869,817	\$7,892,319
	Open Reserves	\$75,465	\$2,912	\$5,368,936	\$2,974,934	\$0	\$196,643	\$8,618,889
	Total Incurred ⁵	\$350,540	\$466,371	\$8,509,874	\$3,982,547	\$135,417	\$3,066,459	\$16,511,208
FY 05-06	\$ Paid	\$1,218,358	\$769,061	\$1,801,354	\$1,158,658	\$172,580	\$3,817,891	\$8,937,903
	Open Reserves	\$244,377	\$36,015	\$3,060,090	\$1,102,799	\$7,000	\$814,324	\$5,264,606
	Total Incurred ⁵	\$1,462,735	\$805,076	\$4,861,445	\$2,261,457	\$179,580	\$4,632,215	\$14,202,508
FY 06-07	\$ Paid	\$165,323	\$449,082	\$82,429	\$966	\$320,082	\$1,753,436	\$2,771,318
	Open Reserves	\$9,744	\$165,127	\$865,220	\$193,834	\$53,900	\$1,804,057	\$3,091,882
	Total Incurred ⁵	\$175,066	\$614,210	\$947,649	\$194,800	\$373,982	\$3,557,493	\$5,863,201

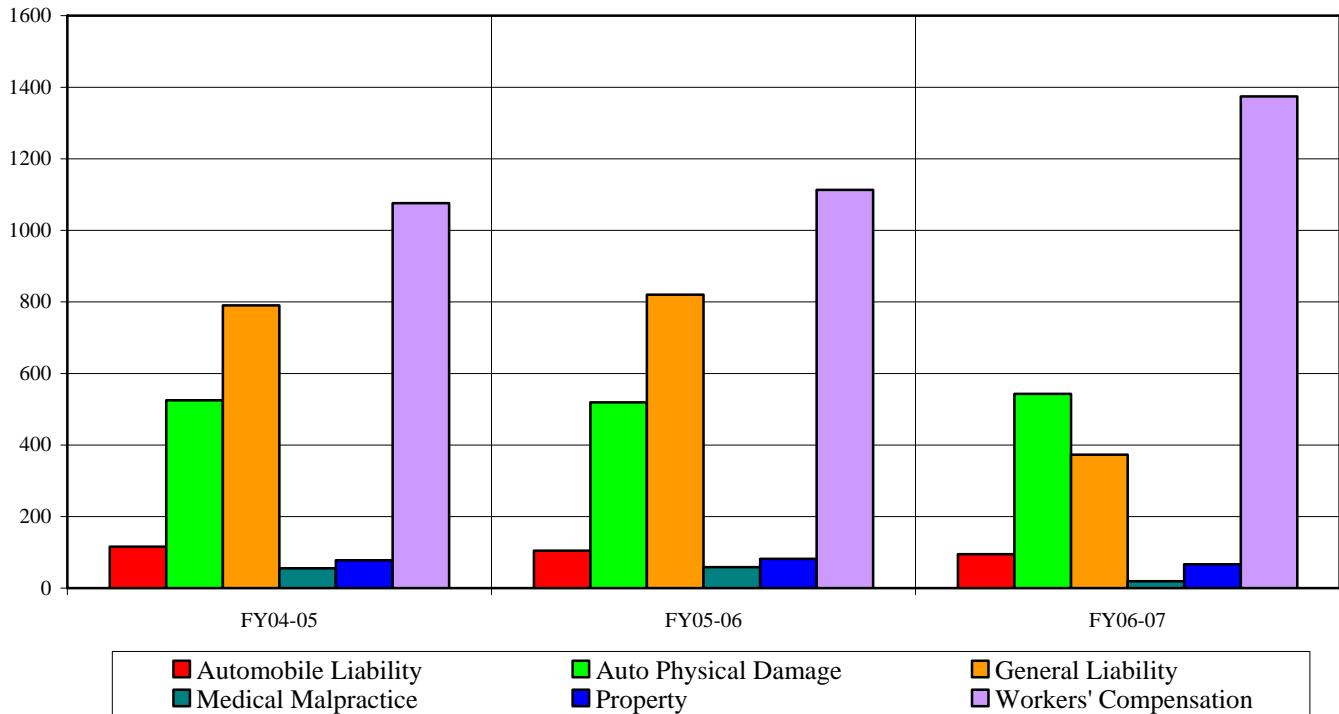
- Notes:
1. Dollars paid listed above represents payments on claims by event date, not actual payment date, and does not include RBNP or IBNR reserves. Due to lag time in resolution and payment of claims, the figures from FY04-05 give a truer picture as these claims have had time to mature.
 2. Number of claims paid represents the amount of claims for the year in which the event occurred.
 3. Amounts as valued on June 30, 2007, as reported by the RiskMaster system except for Workers' Compensation amounts as valued on June 30, 2007, as reported by the Pinnacle system.
 4. Unemployment not included.
 5. Total Incurred = \$ Paid plus Open Reserves, minus Total Recoveries.

**TOTAL CLAIMS SUMMARY TABLE
FY04-05 TO FY06-07**

Department	FY04-05		FY05-06		FY06-07	
	# Claims	\$ Paid	# Claims	\$ Paid	# Claims	\$ Paid
ADULT PROBATION	72	\$156,990	62	\$900,446	107	\$107,434
AIR QUALITY	13	\$3,890	5	\$100	22	\$20,399
ANIMAL CONTROL	81	\$81,358	102	\$158,794	120	\$78,281
ASSESSOR	11	\$33,361	12	\$13,517	7	\$592
CLERK OF SUPERIOR COURT	23	\$31,839	19	\$49,926	28	\$13,052
CONSTABLES	9	\$1,399	6	\$2,100	0	\$0
CORRECTIONAL HEALTH	57	\$747,602	52	\$1,006,889	46	\$18,200
COUNTY ATTORNEY	46	\$94,548	44	\$69,487	43	\$49,357
ELECTIONS	19	\$8,540	2	\$1,117	19	\$78,106
ENVIRONMENTAL SERVICES	45	\$198,457	68	\$1,103,076	49	\$14,955
EQUIPMENT SERVICES	10	\$14,680	10	\$28,766	10	\$35,124
FACILITIES MANAGEMENT	43	\$108,415	45	\$151,413	36	\$36,808
FLOOD CONTROL	33	\$167,546	51	\$56,433	44	\$34,562
HUMAN SERVICES	75	\$109,998	41	\$135,796	50	\$36,069
JUVENILE PROBATION	53	\$81,911	65	\$120,031	99	\$141,740
MARICOPA MEDICAL CENTER	311	\$1,080,099	287	\$1,053,392	385	\$552,250
MEDICAL EXAMINER	19	\$21,732	16	\$65,803	20	\$11,729
PARKS & RECREATION	30	\$51,109	31	\$40,858	21	\$83,591
PLANNING AND DEVELOPMENT	16	\$123,594	19	\$10,096	19	\$32,635
PUBLIC DEFENDER	13	\$7,818	19	\$59,587	12	\$21,635
PUBLIC HEALTH	47	\$194,187	59	\$81,840	78	\$39,788
SHERIFF	1,192	\$2,805,320	1,326	\$2,844,549	933	\$1,140,792
TRANSPORTATION	292	\$1,609,131	204	\$759,588	180	\$141,498
TRIAL COURTS	31	\$80,456	43	\$103,243	60	\$55,825
ALL OTHERS	100	\$78,339	110	\$121,056	83	\$26,895
TOTAL	2,641	\$7,892,319	2,698	\$8,937,903	2,471	\$2,771,317

- Notes:
1. Dollars paid listed above represents payments on claims by event date, not actual payment date, and does not include RBNP or IBNR reserves. Due to lag time in resolution and payment of claims, the figures from FY04-05 give a truer picture as these claims have had time to mature.
 2. Number of claims paid represents the amount of claims for the year in which the event occurred.
 3. Amounts as valued on June 30, 2007, as reported by the RiskMaster system, the Advantage Financial System, or the Pinnacle system.

TOTAL NUMBER OF CLAIMS SUMMARY FY04-05 TO FY06-07



	FY04-05	FY05-06	FY06-07
Automobile Liability	116	105	95
Auto Physical Damage	525	519	543
General Liability	790	820	373
Medical Malpractice	56	59	19
Property	78	82	67
Workers' Compensation	1076	1113	1374
TOTAL	2641	2698	2471

- Notes:
1. Number of claims paid represents the amount of claims for the year in which the event occurred.
 2. Amounts as valued on June 30, 2007, as reported by the RiskMaster system except for Workers' Compensation amounts as valued on June 30, 2007, as reported by the Pinnacle System.
 3. Unemployment not included.

**AUTO LIABILITY SUMMARY
FY04-05 TO FY06-07**

Department	FY04-05		FY05-06		FY06-07	
	# Claims	\$ Paid	# Claims	\$ Paid	# Claims	\$ Paid
ADULT PROBATION	3	\$0	1	\$2,230	1	\$0
AIR QUALITY	2	\$1,279	0	\$0	3	\$0
ANIMAL CONTROL	3	\$14,173	5	\$14,171	7	\$12,680
CONSTABLES	1	\$0	1	\$2,100	0	\$0
COUNTY ATTORNEY	1	\$2,439	3	\$16,071	0	\$0
CLERK OF SUPERIOR COURT	0	\$0	0	\$0	3	\$0
DEPT OF TRANSPORTATION	21	\$34,614	9	\$7,411	18	\$11,728
ELECTIONS DEPARTMENT	6	\$3,732	0	\$0	1	\$0
ENVIRONMENTAL SERVICES	5	\$32,239	8	\$1,017,120	4	\$4,377
FACILITIES MANAGEMENT	2	\$3,857	5	\$9,198	2	\$9,530
FLOOD CONTROL	4	\$10,470	2	\$854	0	\$0
HUMAN SERVICES	6	\$8,957	6	\$13	2	\$18,002
JUVENILE PROBATION	0	\$0	0	\$0	3	\$0
MARICOPA MEDICAL CENTER	7	\$41,769	4	\$11,111	0	\$0
MEDICAL EXAMINER	3	\$14,741	0	\$0	0	\$0
PARKS & RECREATION	2	\$4,970	2	\$2,663	0	\$0
PLANNING AND DEVELOPMENT	1	\$2,521	4	\$4,582	2	\$10,996
PUBLIC HEALTH	1	\$1,839	0	\$0	0	\$0
RISK MANAGEMENT	0	\$0	5	\$0	2	\$451
SHERIFF	45	\$95,963	49	\$122,671	45	\$95,066
SOLID WASTE MANAGEMENT	2	\$74	0	\$0	2	\$2,492
TELECOMMUNICATIONS	1	\$1,438	1	\$8,162	0	\$0
TOTALS	116	\$275,075	105	\$1,218,357	95	\$165,322

- Notes:
1. Dollars paid listed above represents payments on claims by event date, not actual payment date, and does not include RBNP or IBNR reserves. Due to lag time in resolution and payment of claims, the figures from FY04-05 give a truer picture as these claims have had time to mature.
 2. Number of claims paid represents the amount of claims for the year in which the event occurred.
 3. Amounts as valued on June 30, 2007, as reported by the RiskMaster system.

**AUTO PROPERTY DAMAGE SUMMARY
FY04-05 TO FY06-07**

Department	FY04-05		FY05-06		FY06-07	
	# Claims	\$ Paid	# Claims	\$ Paid	# Claims	\$ Paid
ADULT PROBATION	18	\$38,827	18	\$10,490	21	\$36,248
AIR QUALITY	8	\$2,611	3	\$0	13	\$19,054
ANIMAL CONTROL	15	\$4,396	23	\$6,960	36	\$18,257
ASSESSOR	2	\$0	3	\$0	1	\$0
CLERK OF SUPERIOR COURT	1	\$1,644	1	\$0	4	\$0
CONSTABLES	7	\$85	4	\$0	0	\$0
COUNTY ATTORNEY	13	\$8,484	11	\$5,786	6	\$1,570
DEPT OF TRANSPORTATION	50	\$81,701	56	\$270,987	52	\$18,535
ELECTIONS DEPARTMENT	7	\$0	0	\$0	8	\$1,261
ENVIRONMENTAL SERVICES	27	\$12,467	26	\$37,200	23	\$2,000
FACILITIES MANAGEMENT	11	\$7,680	15	\$14,497	10	\$3,559
FLOOD CONTROL	11	\$6,946	27	\$32,183	26	\$7,340
HUMAN SERVICES	27	\$22,593	14	\$37,130	18	\$2,284
JUVENILE PROBATION	4	\$3,188	3	\$9,506	7	\$3,911
LEGAL ADVOCATE	1	\$180	0	\$0	1	\$0
LIBRARY DISTRICT	2	\$326	1	\$0	1	\$0
MARICOPA MEDICAL CENTER	18	\$8,726	9	\$9,491	3	\$0
MEDICAL EXAMINER	5	\$1,938	0	\$0	1	\$982
PARKS & RECREATION	12	\$2,693	14	\$5,501	3	\$1,175
PLANNING AND DEVELOPMENT	7	\$15,026	11	\$5,025	12	\$21,639
PUBLIC HEALTH	11	\$500	7	\$494	8	\$0
SHERIFF	260	\$239,337	260	\$312,735	277	\$303,373
SOLID WASTE MANAGEMENT	4	\$0	1	\$8,656	4	\$2,920
TELECOMMUNICATIONS	2	\$427	3	\$0	0	\$0
ALL OTHERS	2	\$3,685	9	\$2,421	8	\$4,975
TOTALS	525	\$463,460	519	\$769,062	543	\$449,083

- Notes:
1. Dollars paid listed above represents payments on claims by event date, not actual payment date, and does not include RBNP or IBNR reserves. Due to lag time in resolution and payment of claims, the figures from FY04-05 give a truer picture as these claims have had time to mature.
 2. Number of claims paid represents the amount of claims for the year in which the event occurred.
 3. Amounts as valued on June 30, 2007, as reported by the RiskMaster system.

**GENERAL LIABILITY SUMMARY
FY04-05 TO FY06-07**

Department	FY04-05		FY05-06		FY06-07	
	# Claims	\$ Paid	# Claims	\$ Paid	# Claims	\$ Paid
ADULT PROBATION	5	\$0	6	\$0	1	\$0
AIR QUALITY	3	\$0	0	\$0	0	\$0
ANIMAL CONTROL	16	\$18,488	19	\$719	17	\$462
BOARD OF SUPERVISORS	1	\$0	4	\$437	1	\$0
CORRECTIONAL HEALTH	4	\$0	2	\$0	3	\$0
COUNTY ATTORNEY	6	\$7,500	10	\$12,960	14	\$9,565
DEPT OF TRANSPORTATION	170	\$1,311,501	104	\$379,702	77	\$2,422
ENVIRONMENTAL SERVICES	2	\$135,074	2	\$0	1	\$0
FACILITIES MANAGEMENT	12	\$39,553	12	\$5,455	4	\$1,668
FLOOD CONTROL	3	\$0	4	\$0	3	\$0
HUMAN SERVICES	2	\$0	3	\$128	0	\$0
JUSTICE COURTS	2	\$0	4	\$0	6	\$0
LEGAL DEFENDER	1	\$326	2	\$0	1	\$6,011
MARICOPA MEDICAL CENTER	29	\$171,394	14	\$23,588	18	\$7,842
MATERIALS MANAGEMENT	4	\$595	0	\$0	0	\$0
MEDICAL EXAMINER	3	\$140	4	\$37,920	2	\$500
PARKS & RECREATION	3	\$0	4	\$1,580	5	\$0
PLANNING AND DEVELOPMENT	2	\$46,701	2	\$0	0	\$0
PUBLIC DEFENDER	6	\$1,387	4	\$1,414	3	\$0
PUBLIC HEALTH	6	\$1,397	10	\$0	15	\$0
RISK MANAGEMENT	1	\$0	5	\$0	9	\$0
SHERIFF	493	\$1,406,882	579	\$1,334,247	173	\$53,864
SUPERINTENDENT OF SCHOOLS	3	\$0	4	\$0	0	\$0
SUPERIOR COURTS	4	\$0	9	\$296	9	\$0
ALL OTHERS	9	\$0	13	\$2,908	11	\$95
TOTALS	790	\$3,140,938	820	\$1,801,354	373	\$82,429

- Notes:
1. Dollars paid listed above represents payments on claims by event date, not actual payment date, and does not include RBNP or IBNR reserves. Due to lag time in resolution and payment of claims, the figures from FY04-05 give a truer picture as these claims have had time to mature.
 2. Number of claims paid represents the amount of claims for the year in which the event occurred.
 3. Amounts as valued on June 30, 2007, as reported by the RiskMaster system.

**MEDICAL MALPRACTICE SUMMARY
FY04-05 TO FY06-07**

Department	FY04-05		FY05-06		FY06-07	
	# Claims	\$ Paid	# Claims	\$ Paid	# Claims	\$ Paid
CORRECTIONAL HEALTH	30	\$630,223	37	\$994,094	13	\$0
MARICOPA HEALTH PLAN	0	\$0	2	\$0	0	\$0
MARICOPA MEDICAL CENTER	24	\$377,390	20	\$164,565	6	\$966
PUBLIC HEALTH	2	\$0	0	\$0	0	\$0
TOTALS	56	\$1,007,613	59	\$1,158,659	19	\$ 966

- Notes:
1. Dollars paid listed above represents payments on claims by event date, not actual payment date, and does not include RBNP or IBNR reserves. Due to lag time in resolution and payment of claims, the figures from FY04-05 give a truer picture as these claims have had time to mature.
 2. Number of claims paid represents the amount of claims for the year in which the event occurred.
 3. Amounts as valued on June 30, 2007, as reported by the RiskMaster system.

**PROPERTY DAMAGE SUMMARY
FY04-05 TO FY06-07**

Department	FY04-05		FY05-06		FY06-07	
	# Claims	\$ Paid	# Claims	\$ Paid	# Claims	\$ Paid
ADULT PROBATION	1	\$625	0	\$0	0	\$0
AIR QUALITY	0	\$0	1	\$0	1	\$0
ANIMAL CONTROL	5	\$10,881	10	\$0	7	\$4,167
DEPT OF TRANSPORTATION	5	\$5,711	9	\$29,997	12	\$46,736
ELECTIONS DEPARTMENT	0	\$0	0	\$0	3	\$493
ENVIRONMENTAL SERVICES	5	\$8,556	10	\$11,451	4	\$0
EQUIPMENT SERVICES	0	\$0	3	\$5,681	1	\$3,297
FACILITIES MANAGEMENT	3	\$1,975	1	\$0	2	\$711
FINANCE	0	\$0	1	\$0	0	\$0
FLOOD CONTROL	4	\$7,940	9	\$12,043	5	\$8,163
HUMAN SERVICES	5	\$0	2	\$0	1	\$0
INTEGRATED CRIMINAL JUSTICE	0	\$0	1	\$5,116	0	\$0
JUVENILE PROBATION	1	\$0	2	\$2,867	0	\$0
MARICOPA MEDICAL CENTER	2	\$8,072	5	\$66,364	6	\$163,934
PARKS & RECREATION	5	\$24,297	4	\$2,379	6	\$74,182
PLANNING AND DEVELOPMENT	3	\$36,351	0	\$0	1	\$0
PUBLIC HEALTH	8	\$0	8	\$1,717	4	\$2,924
SHERIFF	28	\$17,905	14	\$34,964	12	\$15,475
SOLID WASTE MANAGEMENT	0	\$0	0	\$0	1	\$0
SUPERINTENDENT OF SCHOOLS	0	\$0	1	\$0	0	\$0
SUPERIOR COURTS	2	\$0	1	\$0	0	\$0
TELECOMMUNICATIONS	1	\$13,104	0	\$0	0	\$0
TRIAL COURTS	0	\$0	0	\$0	1	\$0
TOTALS	78	\$135,417	82	\$172,579	67	\$320,082

- Notes:
1. Dollars paid listed above represents payments on claims by event date, not actual payment date, and does not include RBNP or IBNR reserves. Due to lag time in resolution and payment of claims, the figures from FY04-05 give a truer picture as these claims have had time to mature.
 2. Number of claims paid represents the amount of claims for the year in which the event occurred.
 3. Amounts as valued on June 30, 2007, as reported by the RiskMaster system.

**WORKERS COMPENSATION SUMMARY
FY04-05 TO FY06-07**

Department	FY04-05		FY05-06		FY06-07	
	# Claims	\$ Paid	# Claims	\$ Paid	# Claims	\$ Paid
ADULT PROBATION	45	\$117,538	37	\$887,726	84	\$71,186
ALTCS	7	\$527	3	\$435	0	\$0
ANIMAL CONTROL SERVICES	42	\$33,419	45	\$136,944	53	\$42,714
ASSESSOR	8	\$33,361	8	\$13,517	4	\$592
CLERK OF SUPERIOR COURT	21	\$30,195	18	\$49,926	21	\$13,052
CORRECTIONAL HEALTH	23	\$117,378	13	\$12,795	30	\$18,200
COUNTY ATTORNEY	26	\$76,125	20	\$34,670	23	\$38,222
ELECTIONS	5	\$4,809	2	\$1,117	6	\$76,352
ENVIRONMENTAL SERVICES	6	\$10,120	22	\$37,305	17	\$8,578
EQUIPMENT SERVICES	9	\$14,680	7	\$23,085	8	\$31,827
FACILITIES MANAGEMENT	15	\$55,350	12	\$122,263	18	\$21,339
FLOOD CONTROL DISTRICT	11	\$142,190	9	\$11,352	10	\$19,059
HEALTH CARE MANDATES	8	\$4,251	3	\$5,138	2	\$514
HUMAN SERVICES	35	\$78,448	16	\$98,524	29	\$15,783
JUVENILE PROBATION	47	\$78,724	59	\$107,658	89	\$137,829
MEDICAL EXAMINER	8	\$4,913	12	\$27,883	17	\$10,248
MARICOPA MEDICAL CENTER	231	\$472,749	235	\$778,274	352	\$379,507
PARKS & RECREATION	8	\$19,149	7	\$28,735	7	\$8,234
PUBLIC DEFENDER	7	\$6,432	14	\$58,173	7	\$17,054
PUBLIC HEALTH	19	\$190,452	34	\$79,629	51	\$36,865
SHERIFF	366	\$1,045,233	424	\$1,039,932	426	\$673,015
TRANSPORTATION	46	\$175,604	26	\$71,491	21	\$62,077
TRIAL COURTS	31	\$80,456	41	\$100,907	58	\$55,825
ALL OTHERS	52	\$77,713	46	\$90,412	41	\$15,363
TOTALS	1,076	\$2,869,816	1,113	\$3,817,891	1,374	\$1,753,435

- Notes: 1. Dollars paid listed above represents payments on claims by event date, not actual payment date, and does not include RBNP or IBNR reserves. Due to lag time in resolution and payment of claims, the figures from FY04-05 give a truer picture as these claims have had time to mature.
2. Amounts as valued on June 30, 2007, as reported by the Pinnacle system.

**UNEMPLOYMENT LOSS SUMMARY
FY04-05 TO FY06-07**

Department	FY04-05	FY05-06	FY06-07
	\$ Paid	\$ Paid	\$ Paid
ADULT PROBATION	\$31,262	\$11,044	\$14,397
ALTCS	\$7,326	\$235,050	\$116,190
ANIMAL CONTROL	\$6,722	\$16,446	\$838
ASSESSOR	\$10,051	\$10,230	\$20,536
CHIEF INFORMATION OFFICE	\$7,420	\$19	\$3,327
CLERK OF SUPERIOR COURT	\$32,444	\$22,997	\$36,726
CORRECTIONAL HEALTH	\$25,812	\$5,906	\$9,008
COUNTY ATTORNEY	\$10,393	\$12,474	\$4,957
ELECTIONS	\$22,854	\$8,495	\$12,334
ENVIRONMENTAL SERVICES	\$23,114	\$19,404	\$25,357
FACILITIES MANAGEMENT	\$27,411	\$15,262	\$11,557
HOUSING	\$6,940	\$2,507	\$6,766
HUMAN SERVICES	\$124,257	\$120,580	\$97,311
INTEGRATED CRIMINAL JUSTICE	\$4,080	\$0	\$0
JUVENILE PROBATION	\$35,903	\$29,213	\$34,742
LEGAL DEFENDER	\$6,197	\$7,907	\$3,661
MARICOPA HEALTH SYSTEM	\$216,764	\$97,311	\$68,698
PUBLIC DEFENDER	\$8,129	\$15,469	\$9,864
PUBLIC FIDUCIARY	\$4,560	\$7,044	\$667
PUBLIC HEALTH	\$25,879	\$12,421	\$18,989
SHERIFF	\$53,402	\$40,311	\$49,756
SOLID WASTE	\$8,880	\$8,299	\$1,652
SUPERIOR COURT	\$35,459	\$33,348	\$33,938
TRANSPORTATION	\$17,132	\$8,411	\$2,331
ALL OTHERS	\$23,692	\$36,179	\$50,082
TOTALS	\$776,083	\$776,327	\$633,684

Notes: 1. Dollars paid represents the amount paid for the fiscal year. There are no reserves for unemployment.
2. Amounts as valued on June 30, 2007, as reported by the Advantage Financial System.